

Message Text

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ACTION TRSE-00

INFO OCT-01 ARA-10 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-07 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05
SS-15 STR-04 ITC-01 USIA-06 PRS-01 SP-02 FEAE-00
OMB-01 XMB-02 OPIC-03 OIC-02 /105 W
-----034680 221242Z /43

P R 221100Z JUL 77
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC PRIORITY 2899
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO
USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 1 OF 2 BRASILIA 6078

GENEVA FOR USDEL MTN

DEPT PASS TREASURY

E.O. 11652: N/A
TAGS: ETRD BR
SUBJECT: US-BRAZIL CONSULTATIVE SUBGROUP ON TRADE

REF: (A) STATE 139921 (B) BRASILIA 5034 (C) BRASILIA 5613 (NOTAL)
(D) STATE 161944 (NOTAL) (E) KATZ/RUSER TECON 7/19

1. SUMMARY: GOB PRESENTLY CONSIDERING POSSIBLE DATES FOR SUBGROUP MEETING (SEPT 8-9, OR WEEK OF SEPT 11). ALTHOUGH NOT YET PREPARED TO DISCUSS AGENDA, FONMIN AGREES TO GENERAL DIVISION OF DISCUSSIONS INTO MULTILATERAL AND BILATERAL AREAS. BRAZILIAN DELEGATION WILL PROBABLY BE HEADED BY NEW CHIEF OF FONMIN'S ECONOMIC DEPT. FINANCE MINISTRY OFFICIALS IN BRAZDEL TENTATIVELY PLAN TO ARRIVE WASHINGTON EARLY FOR SEPARAGE DISCUSSIONS WITH TREASURY. EMBASSY RECOMMENDS MEETING FRAMEWORK BE EXPANDED TO LIMITED OFFICIAL USE

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INCLUDE EXPOSING CHIEF OF BRAZDEL TO APPROPRIATE, HIGH LEVEL USG OFFICIALS. END SUMARY.

2. COUNSELOR ALVARO ALENCAR, CHIEF OF FONMIN'S TRADE POLICY DIVISION CALLED IN EMBOFFS JULY 15 TO DISCUSS DATES AND OTHER ARRANGEMENTS FOR NEXT MEETING OF BILATERAL SUBGROUP ON TRADE. ALENCAR SAID THAT THE DATES ORGINALLY PROPOSED BY

FONMIN (SEPT 8-9, REF C) WERE INCONVENIENT FOR MINISTRY OF FINANCE REPRESENTATIVES, FRANCISCO DORNELLES (GENERAL COUNSEL OF THAT MINISTRY). ALENCAR AND EMBOFFS CONCLUDED THAT EARLIER IN THE WEEK OF SEPT 4 WAS ALSO NOT SUITABLE DUE TO THE US (LABOR DAY, SEPT 5) AND BRAZILIAN (INDEPENDENCE DAY, SEPT 7) HOLIDAYS. BOTH SIDES THEN TENTATIVELY AGREED TO EXPLORE FEASIBILITY OF EITHER AUGUST 31-SEPT 1 OR ELSE SEPT 1-2. SUBSEQUENT TO REF E TELCON, HOWEVER, EMBASSY RECONTACTED FONMIN JULY 20 TO EXPLORE POSSIBILITY THAT MEETING BE HELD EITHER ON ORIGINAL DATES OF SEPT 8-9 OR ELSE DURING WEEK OF SEPT 11, SUBJECT TO AVAILABILITY OF US TRADE POLICY OFFICIALS. FONMIN WILL CONSULT APPROPRIATE GOB OFFICIALS AND ADVISE ASAP.

3. COMPOSITION OF BRAZILIAN DELEGATION HAS NOT BEEN FINALIZED BUT IT IS PROBABLE THAT IT WILL BE HEADED BY THE NEW CHIEF OF THE FONMIN'S ECONOMIC DEPT., MINISTER CARLOS AUGUSTO DE PROENCA ROSA, MOST RECENTLY DCM IN PEKING. PRINCIPAL PURPOSE OF HIS VISIT WOULD BE TO BECOME ACQUAINTED WITH ASSISTANT SECRETARY KATZ AND OTHER SENIOR US ECONOMIC POLICY OFFICIALS AND EXCHANGE VIEWS ON US-BRAZIL BILATERAL AND MULTILATERAL RELATIONS.

4. OTHER MEMBERS WOULD DEFINITELY INCLUDE ALENCAR, FIRST SECY JOSE ARTUR DENOT MEDIEROS (TRADE POLICY DIV.) AND DORNELLES. (COMMENT: IN PARALLEL DISCUSSION WITH FINATT LIMITED OFFICIAL USE

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JULY 15, DORNELLES SAID THAT HE AND FERNAO BRACHER, SENIOR DIRECTOR OF CENTRAL BANK AND RESPONSIBLE FOR BANKS EXTERNAL AREA, PLAN TO ARRIVE IN WASHINGTON AHEAD OF OTHER MEMBERS OF DELEGATION FOR SEPARATE TALKS WITH TREASURY OFFICIALS ON REMITTANCE TAXATION ISSUE (REF D). IT IS NOT CLEAR TO US AT THIS POINT WHETHER BRACHER WOULD PARTICIPATE IN SOME OF PROENCA ROSA'S PROGRAM. FINATT WILL FINALIZE DETAILS WITH DORNELLES AND TREASURY AS SOON AS DATES FOR SUBGROUP MEETING ARE CONFIRMED.)

5. ALENCAR SAID FONMIN WAS NOT YET READY FOR A CONCRETE DISCUSSION OF MEETING AGENDA, BUT SUGGESTED FOLLOWING GENERAL OUTLINE:

FIRST DAY: AM-OPENING SESSION: GENERAL REVIEW ; START OF DISCUSSION OF MTN, LED BY PROENCA ROSA

PM-CONTINUE DISCUSSION OF MULTILATERAL ISSUES

(MTN, GATT, ETC.), LED BY ALENCAR.

SECOND DAY: AM-DISCUSSION OF BILATERAL ISSUES, LED BY DORNELLES.

PM-CLOSING SESSION.

THE ONLY ITEM WHICH ALENCAR SPECIFICALLY ADDRESSED WAS SOYBEANS, REFERRING TO AN EARLIER DISCUSSION WITH EMBOFF (REF B PARA 5) ON THE SUBGROUP MEETING. ALENCAR SAID THAT FONMIN

CERTAINLY HAD NO OBJECTION TO THE INCLUSION OF A DISCUSSION ON BRAZIL'S SOYBEAN EXPORT POLICIES IN THE SUBGROUP AGENDA, BUT THAT THE FONMIN SAW NO NEED FOR THE CREATION OF A SEPARATE SUBGROUP ON SOYBEANS, EITHER OF A TECHNICAL NATURE OR OTHERWISE.

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OMB-01 XMB-02 OPIC-03 OIC-02 /105 W
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P R 221130Z JUL 77
FM AMEMBASSY BRASILIA
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6. EMBASSY WOULD APPRECIATE BEING INFORMED AS SOON AS POSSIBLE WHETHER MEETING OF CONSULTATIVE SUBGROUP DURING WEEK OF SEPTEMBER 11 OR, BRAZILIAN SIDE PREFERS THIS, SEPTEMBER 8-9 WOULD BE ACCEPTABLE TO STR AND TO OTHER WASHINGTON AGENCIES. ALSO, PLEASE ADVISE WHETHER OTHER SENIOR US ECONOMIC OFFICIALS (UNDER SECRETARY COOPER, UNDER SECRETARY SOLOMAN ASSISTANT SECRETARY BERGSTEN, ASSISTANT SECRETARY WEIL, AND SENIOR OFFICIALS OF THE FOREIGN AGRICULTURAL SERVICE) WOULD BE AVAILABLE DURING THIS PERIOD TO RECEIVE PROENCA ROSA AND FERNAO BRACHER. FROM REFTELCON WE UNDERSTAND THAT ASSISTANT SECRETARY KATZ IS PLANNING TO BE IN WASHINGTON DURING THEAT PERIOD AND WOULD BE AVAILABLE TO ACT AS PROENCA ROSA'S HOST.

7. COMMENT: EMBASSY BELIEVES PROENCA ROSA - FERNAO

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BRACHER VISIT COULD BE USEFUL IN EXPOSING TWO IMPORTANT MEMBER OF GOB'S ECONOMIC TEAM TO WASHINGTON'S CURRENT THINKING ON INTERNATIONAL ECONOMIC ISSUES AND BILATERAL ISSUES. PROENCA ROSA, TAKING OVER FROM CABRAL DE MELLO WILL BE MOST SENIOR OFFICIAL IN BRAZILIAN FOREIGN MINISTRY DELAING WITH ECONOMIC ISSUES. FERNAO BRACHER, ALTHOUGH HE VISIT US FREQUENTLY, SHOULD CONTINUE TO RECEIVE TOP LEVEL ATTENTION, AS HE MAY WELL BE THE NEXT PRESIDENT OF BRAZIL'S CENTRAL BANK. IF PROENCA ROSA AND FERNAO BRACHER DECIDE TO MAKE THE TRIP, EMBASSY RECOMMENDS THAT THE DEPARTMENT ARRANGE FOR PROENCA ROSA AND, IF HE CHOOSES, FERNAO BRACHER TO MEET WITH APPROPRIATE HIGH LEVEL USG OFFICIALS, SUCH AS UNDER SECRETARY COOPER, TREASURY UNDER SECRETARY SOLOMON, ASSISTANT SECRETARY BERGSTEN, SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS STRAUSS, DEPUTY STR WOLFF, AND FAS ADMINISTRATOR HUME. EMBASSY ALSO SUGGESTS THAT THE DEPARTMENT ARRANGE APPROPRIATE CONGRESSIONAL CONTACTS INCLUDING CALLS REP CHARLES VANIK, CHAIRMAN OF THE HOUSE SUBCOMMITTEE ON TRADE, OR OTHER KNOWLEDGEABLE SUBCOMMITTEE MEMBER. (DEPT WILL RECALL THAT REP VANIK MADE A SUCCESSFUL VISIT TO BRASILIA IN JANUARY DURING WHICH HE MET ALENCAR, AMONG OTHER GOB OFFICIALS.) IT WOULD ALSO BE USEFUL TO INCLUDE CALLS ON SENIOR MEMBERS OF RESEARCH INSTITUTIONS SUCH AS BROOKINGS IN THE PROGRAM. RUSER

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Message Attributes

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